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SUBJECT: PRESIDENT ROH SETS MODEST GOALS FOR SUMMIT IN  
NATIONAL DAY SPEECH

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SUMMARY  
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¶1. (SBU) In his August 15 National Day speech, President Roh Moo-hyun set modest goals for his planned August 28-30 summit with the DPRK's Kim Jong-il, saying that the meeting should help the two Koreas "develop their relationship into one that is predictable and trustworthy," and defending his administration's "trust and engagement" approach toward North Korea. There was no mention of unification, a staple of past speeches. The speech praised U.S.-ROK ties as "comprehensive and dynamic," avoided past years' criticism of Japan except to note its "oppressive colonial rule" that ended 62 years ago, and repeated Roh's theme that South Korea should become the hub of a transformed Northeast Asia. End Summary.

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MODEST GOALS FOR SUMMIT; "INTER-KOREAN ECONOMIC COMMUNITY"  
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¶2. (SBU) As if responding to conservative editorials that have criticized the planned August 28-30 North-South summit as politically motivated and possibly harmful to ROK interests, Roh struck a reassuring tone in the section of his speech on the summit. He noted the seven years of strained relations since the last summit in 2000, implying that the two Koreas were now over the hump in terms of overcoming the nuclear issue, saying that the summit would, "serve as an occasion to normalize inter-Korean relations that have gone through difficulties due to the North's nuclear program." Press reports have pointed to the possibility that Seoul and Pyongyang could agree to establish liaison offices in each other's capitals, as a step toward normalization, but Roh did not mention such a step or other specific desired outcomes. Instead, he asked for leeway in approaching the summit: "I hope you will not burden me by saying, 'Don't do this or don't do that.' I hope you won't tell me, 'Get this without fail.'"

¶3. (SBU) In keeping with his administration's "peace and prosperity" policy toward North Korea, Roh said that the summit would "contribute to further solidifying peace" and advance "common South-North prosperity." The word "common" is consistent with what the Roh administration has advanced as a justification for what critics see as policy of giving economic benefits to the North ("cooperative projects have grown fourfold") without insisting on anything in return.

Helping the North's economy helps the South, the Roh government argues, in terms of lowering tensions on the border (Kaesong was an invasion route), offering opportunities to South Korean companies (low-wage skilled labor at the Kaesong Industrial Complex), as advance investments to prepare for eventual unification, and to give the North "a chance to make an economic turnaround."

14. (SBU) This year's National Day speech made no mention of unification, however, departing from past practice. Instead, there was only an oblique reference to the "daunting task" of overcoming the country's division. In discussing South-North relations in the lead up to the summit, Roh listed the two sides' previous agreements (the 1972 Joint Communiqué, the 1991 South-North Basic Agreement, the 1992 Joint Declaration of the Denuclearization of the Korean Peninsula, and the June 2000 South-North Joint Declaration) and said the two sides should respect those agreements and "develop the South-North relationship into one that is predictable and trustworthy." This contrasts with last year's National Day speech, during which Roh said that "many obstacles still hinder a road to national unification." The pragmatic call for a stable relationship tracks with the public's attitude: few are eager for unification in the near-term; most want a stable North Korea that neither upsets South Korea's economy nor sends streams of refugees south.

15. (SBU) Roh's attention-getting line -- "I feel we need to start discussing the formation of an inter-Korean economic community" -- can be read in two ways: (1) as a call to search for mutually beneficial "productive investment collaboration," and (2) as a signal that, for the foreseeable future, the two Koreas should seek to coexist with increased economic cooperation, rather than aiming for reunification over the near term. That is not a change in policy -- since

ROK governments have sought peaceful coexistence since the 1970s, have not been in a hurry to accomplish unification, and since the first stage of President Roh's "Road to Korean Unification" calls for the "establishment of a peace and cooperation system" -- but it is a shift in rhetoric: the June 2000 Joint Declaration referred to reunification four times in its one page, as have most ROKG speeches. It will be interesting to see how prominently unification is mentioned during the upcoming summit.

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WHAT ABOUT DENUCLEARIZATION?  
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16. (SBU) Roh's message on denuclearization was, in effect, that the Six-Party Talks are doing a great job so let that process continue. He said that the North Korean nuclear issue "is entering into the road toward a solution," and that "I have faith that every concerned member of the Six-Party Talks will follow through on the September 19 Joint Statement and the February 13 agreement in good faith." Critics have of course argued that the situation requires more than faith, but Roh has chosen to look at the bright side, seeing the inter-Korean dialogue and the Six-Party Talks as a "virtuous cycle" and -- looking ahead -- that the Six-Party Talks "will develop into the establishment of a peace regime on the Korean Peninsula."

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U.S. NOT CENTRAL  
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17. (SBU) The United States did not figure prominently in Roh's speech, but U.S.-ROK relations were described as "comprehensive and dynamic," with references to ongoing adjustments to the alliance to build the ROK's self-reliance: the transfer of wartime operational control, redeployment of U.S. Forces Korea, and the relocation of Yongsan Garrison. In what could be seen as a mildly anti-U.S. reference or simply an assertion of independence, Roh said that "my Administration has made an effort to overcome the nation's psychological dependence on the United States." On the other

hand, one would not learn from the speech that the United States played any role in South Korea achieving national liberation ("...after numerous hardships and much suffering, the country was finally liberated") or during the Korean War.

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IMPROVED SITUATION  
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18. (SBU) Two differences from Roh's August 15, 2006 speech show how the ROK's mood has changed. Last year's speech, after North Korea had boycotted the Six-Party Talks for the better part of a year and had just carried out provocative missile tests, alluded to these tensions and called on the North to "return to the Six-Party Talks without preconditions." This year's speech not only makes much of the fact that the DPRK is back at the Talks, it seems to get ahead of the negotiations by implying that the nuclear issue is already heading toward resolution. In addition, the 2006 speech, in the context of tension with Japan over the disputed Liancourt Rocks and the Yasukuni Shrine, included a lengthy passage admonishing Japan to think twice about amending its constitution to allow extra-territorial military action. The lack of criticism of Japan this year probably reflects the informal agreement between the ROK and Japan to avoid unilateral forays to the Liancourt Rocks, and improved working relations between the two governments.

VERSHBOW